BOSTON UNIVERSITY

College of Business Administration

THESIS

A Study of the Characteristics Which Contribute to the Success of the Independent Variety Stores in New England

by

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submitted in partial fulfillment of
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INTRODUCTION

The National Marketing Review gives us the following definition of an Independent Variety Store--"An independently owned retail store which handles a wide variety, all of low unit value, generally under a dollar." However, the census of Distribution points out that gradually the ten cent limit was raised to twenty-five cents, then fifty cents, then a dollar, and at the present time some stores have added apparel with a five dollar limit.

This is primarily a study of New England Variety Stores. The interviews, correspondence and deductions therefrom were all taken from contacts with New England proprietors. However, there is much that I have said in the report itself that would apply to merchants in New York State or any other part of our country. I believe that this is unavoidable in a report of this sort because the characteristics which make for successful merchandising are not peculiar to any one section alone.

One of the first problems encountered in making a study of New England Variety Stores was to acquire a list of stores which fitted the description cited above. I was fortunate in this respect because I was allowed to consult the files of The Spool Cotton Company for their customer lists of such stores. Since this is a study of the characteristics of successful stores, their files served a dual purpose. It gave me a list of bona fide stores to whom I could address my questionnaire, and, since the company had accepted no new accounts during war years, those in their files were all successful merchants, having necessarily been established for at least five years.

One might justly ask, how could I be assured that the company

INTRODUCTION

files would contain all of the independent variety stores in New England? The answer is they may not, but what does it matter since we are not going to be able to interview or even correspond with every store. The company files do, however, represent, with but few exceptions, a complete listing of variety stores. They service this entire field and their representatives (1) are sufficiently familiar with their own territories to know each account personally. This means, then, complete territory coverage, and any additional stores would not be in operation long before they would be added to the list of active accounts, provided, of course, that their credit rating warranted such action.

There are three hundred fifty-four Independent Variety Stores in New England. They represent the following distribution according to states.

Maine	50	13%
New Hampshire	31	10
Vermont	28	08
Massachusetts	134	38
Rhode Island	35	10
Connecticut	76	21

Since I decided that one hundred questionnaires would be sufficient to give me a random sampling of stores, I used the percentage figures so that the number of questionnaires going to each state would be proportionate to the total number of stores in that state. Answers were, of course, not returned in that same proportion because they were not controlled.

1. Eight Sales Representatives in New England.

The letter and questionnaire which was sent to each of the one hundred stores is reproduced on the following pages. I received a thirty per cent return from this questionnaire and considered that sufficient to arrive at some reliable conclusions. Those conclusions are supplemented throughout by my own observations and experience, not only during this survey, but also while I was selling merchandise to variety stores. I am acquainted personally with more than fifty of these proprietors and have had an excellent opportunity to gather much empirical data. Such data is included in this report along with specific references to authors who have written on the subject. I have tried to limit such references to material printed recently because the professional aspects, which I mention in my chapter on Store Management, have developed in the past decade.

The first and last chapters have little bearing directly on the New England picture of Independent Variety Stores. They are both treated as influences on that picture and are included merely to add to its logical completion. I felt that in order for us to see how the New England scene has evolved, we should first study some of the background of the past.

Independently owned stores started out as general merchandise stores in the center of each community. This developed into chains of stores until the present stage when chain store methods are assisting entrepreneurs to operate their own stores efficiently. In my final chapter, I have discussed some of those influences which are giving the variety store business new vitality and stamina to meet the stiff competition of powerful syndicates.

November 12, 1946

Mr. William M. French
South Portland
Maine

Dear Sir:

I am a graduate student at the Boston University, College of Business Administration. I am attempting to find out what makes the Independent Variety Store such a successful business in New England.

You would like to know what makes the "other fellow" successful and so would I. Still, you wouldn't expect me to ask him all about his personal business and then dash over to tell you, would you? I wouldn't do that, either. However, by asking each one of you the same pertinent questions about your own business, certain conclusions and generalizations can be made available for everyone to know.

This, then, would be market survey, which has never been done before in our field. I am enclosing a questionnaire and a stamped and return-addressed envelope for your convenience in this survey. You will notice that the identity of your store is not important to the facts and figures of this research. Do not tell us your name. Your co-operation will be greatly appreciated and your contribution will add to the better understanding of the principles which make your work successful.

Yours very truly,

W. W. Wood

P. S. If there are any questions which you do not choose to answer, please leave them vacant and also use the reverse side of the questionnaire for any comments which you wish to include.

W. W.

RETAIL VARIETY STORE QUESTIONNAIRE

Location

1. How long has your present store been established?_____yrs.
2. Do you consider this location good?_____ Fair?_____ Poor?_____
3. Do you own your building? Yes?_____ No?_____
4. If not, what is your rental? $_____per month.
5. What are the dimensions of your store? _____ft. x _____ft.

Help

1. How many clerks do you employ? Full time_____ Part time_____
2. Are satisfactory employees available locally? Yes___ No___
3. Do you employ... Men?_____ Women?_____ Both?_____
4. Do you consider your clerks Superior?_____ Average?_____
   Below average?_____

Stock

1. What is your average inventory at retail? $_____
2. Do you do all of the buying? Yes?_____ No?_____
3. Do you buy most of your merchandise from general wholesaler?_____
   Butler Brothers?_____ Manufacturer?_____
4. Do you maintain a stock control system? Yes_____ No_____
5. Please number in order of importance the factors of your success.

   1. Good location _____
   2. Good buying _____
   3. Good display _____
   4. Good help _____

Miscellaneous:

1. Do you change your windows _____weekly
   _____two weeks
   _____monthly
2. What evenings are you open?
   Monday_____
   Tuesday_____
   Wednesday_____
   Thursday_____
   Friday_____
   Saturday_____
3. What is the one most profitable department? _____
4. Are your customers (a) Residential _____
   (b) Farming_____
   (c) Industrial_____
5. Do you think a self-service department would be profitable in your store? Yes_____ No_____
6. Did you have chain store experience before opening your own store? Yes_____ No_____
7. Would you say business is better____ About the same_____ or worse_____ Than last year?
8. Do you think the information of this survey can be of service to store owners? _____

PLEASE USE THE REVERSE SIDE FOR YOUR OWN COMMENTS.

CHAPTER I

THE HISTORY OF INDEPENDENT VARIETY STORES

This study is about one of the oldest business institutions in the United States, the General Merchandise Store, and more specifically about a newer development of this field, the Independent Variety Store. Stories of success in the general merchandise store are rooted in the American tradition of opportunity for all and demonstrate the stiff battles of modest one-store owners to build great institutions on the strength of consumer service.

No discussion of Independent Variety Stores in New England or in any other part of our country would be complete without a familiarity with the early growth of chain "five and dime" stores, as they are popularly called. Many of the largest chains of today started with one store seventy-five years ago; others fifty years ago; and still others as late as only ten and five years ago. (1) The latter demonstrates that opportunity, still the tradition of our land, continues to flourish in American Retailing.

At one time a man who wanted to own his own store could start with little more than a cracker barrel and a bolt of calico. With long hours, hard work, and just a little forethought and planning, any man had a fair chance for success. Competition, in those days, was rather limited because his was usually the only store in town and he was a friend of all the people whom he serviced. (2)

Then came the advent of multi-unit operation or chain stores. But this is by no means a new method of retail distribution. We need only

1. "Growth and Development of Chain Stores," P. 2, U. S. Govt. Printing Office, Washington, D. C.
2. Ibid p. 4

recall the stories of On Lo Kass, a Chinese merchant who lived two hundred years before Christ. (1) He established a distributive system involving the use of a large number of stores throughout the east. The Mitsui family (2) originated in Japan and became powerful in 1643 as a chain of apothecary shops. Probably the oldest chain in America is the Hudson Bay Company (3) which began in 1670 with a small band of British tradesmen. Digging into the annals of our American history, we find that Andrew Jackson owned a small chain of retail stores in Tennessee. (4)

I cite these examples to show that the chain doctrine of management which so influences our distributive methods today can hardly be called a new idea.

Contrary to the popular belief that Frank W. Woolworth conceived the "Five and Ten" idea, instead he saw its possibilities in an incident while in the employ of another (5) and then developed the plan. One of Woolworth's first jobs was that of clerk in the store of Moore & Smith, located in Watertown, New York. It was during a particularly poor period that a salesman by the name of Golding suggested to Mr. Moore that he run a special cut-rate bargains counter to bring in a little cash. Mr. Moore, being at his wits end to continue in business, was interested in any new

1. "The Chain Store Tells Its Story." Institute of Distribution. 1940. p. 3.

2. Ibid. P. 5.

3. Ibid. p. 6.

4. Ibid. p. 9.

5. "Five and Ten" by J. K. Winkler. R. M. McBride Co., New York. 1940. Chapter II.

ideas. "Cut-rate bargains," asked he, "what kind of store business is that?" (1) Golding explained that a jobbing house had recently succeeded in unloading great amounts of excess merchandise by selling it off at five cents. He concluded by suggesting, "Why don't you try a five cent counter here in Watertown?" (2)

The outcome of that salesman's suggestion was that Mr. Moore did purchase one hundred dollars worth of five cent goods. They were placed on tables in the rear of the store and Frank Woolworth was put in charge of that department. That sale took place on the day when the local fair opened and by nightfall the five cent counters were bare and customers continued to ask for more nickel goods. (3) Grasping the possibilities of a permanent five cent counter, young Woolworth boldly asked Mr. Moore how much he would need to open a five cent store. (4) The older merchant had grown to respect Woolworth's determination and agreed to finance him to the extent of $300. From that day forward Woolworth's aim was to open a five cent store of his own. (5)

It was considered good business practice at that time, much as it is now, to run special sales of cheaper merchandise in order to take in enough cash to cover current bills at particular times when business was slow. The popular plan was a "five cent sale", (6) which usually con-

1. Ibid, p. 37
2. Ibid, p. 39
3. Ibid, p. 39
4. Ibid, p. 40
5. Ibid, p. 40
6. Ibid, p. 42

sisted of handkerchiefs, steel pins, crochet needles, button hooks, watch keys, collars, and a variety of other items that we call NOTIONS today. Customers, once having been lured into the store by bargain signs, would frequently purchase other goods as well.

However, by the time Frank Woolworth started his own store the "five cent idea" was on the decline. (1) Customers had regarded the five cent merchant as a "fly by night" adventurer, the next thing to the Yankee-pack-peddler whose chicanery and sharp practices were notorious. (2) Established merchants looked down on the five cent trader. Woolworth was well aware of all this prejudice and when he set out to look for a location he traveled far from his native town of Watertown. (3)

On February 22, 1879, he opened his first store in Utica, New York, with a total stock of $315.41 which his former employer sold him. (4) The store was not a successful business venture and the young merchant was soon forced to make a decision or have his creditors do it for him. The more he thought about it, the more convinced he became that his failure in Utica was due not to himself or his idea but mainly due to the poor location of his store and to Utica itself, where trading was generally slack at the time. However, he did see one handicap in the five cent idea. Merchandise, to sell at that figure, was extremely limited. If he could increase the figure

1. Ibid, p. 42
2. Ibid, p. 43
3. Ibid, p. 42
4. Ibid, p. 44

to ten cents, the range would be much wider. Out of his failure in Utica was born the "five and ten" idea. (1)

A friend in whom he had confidence had given Woolworth such a glowing account of Lancaster, Pennsylvania, as a live and growing city that he determined to survey the city at once. He succeeded in paying his Utica bills and received additional credit from Moore and Smith up to $300. He locked his door in Utica on June 11 and opened up at his modest Lancaster location exactly ten days later. (2) The date June 21, 1879, marks the launching of the first successful five and ten cent store in the world. (3)

It seems incredible to believe now, but on the day following this opening Woolworth felt so certain of success that he decided to open a branch store in Harrisburg, Pennsylvania. (4) The Lancaster store continued to prove highly popular with the thrifty Pennsylvania Dutch housewives. He kept his overhead expenses to a minimum, watching his clerks like a hawk for breakage or theft, and worked them long hours at low wages. (5)

The next two stores which were located in York and Harrisburg were failures, and it was not until he opened a unit in Scranton that business really began to prosper. Early Woolworth records show that sales for

1. "The Man Who Saw Millions in a Nickel," Literary Digest, May 3, 1919, p. 73.
2. "Five and Ten," J. K. Winkler, p. 51.
3. Ibid, p. 51
4. Ibid, p. 52
5. Ibid, p. 52

the year 1881 reached $1,800 and for 1882 jumped to $24,125. [1] Although three of his first five ventures had failed, Woolworth was now proprietor of one flourishing and one moderately successful store. [2] He seemed justified in looking upon himself as a man of some accomplishments.

It was obvious to him that the five and ten cent business, based as it was on large and quick turnovers, needed numerous outlets. [3] A chain of stores would enable him to purchase goods on a scale big enough to attract new kinds of merchandise. Since more capital was essential and he refused to borrow, he began searching for partners with ready cash, men who would share half the risks of opening a new store in return for half the profits.

By the fall of 1887, either with Seymoor H. Knox or other partners, Woolworth controlled seven stores. He was in command of a snug little business doing a trade of $100,000 a year and earning a net profit of $10,000. Although profits depended on a variety of factors, the most important of them, according to Mr. Woolworth, was choice of a good location. [4] His second maxim for success in store ownership was intelligent buying. [5]

From where I have left this story, the Woolworth Company continued on to national and international fame. Independent merchants whose stores needed reorganization or men with the courage to start new stores copied the merchandising methods of Frank Woolworth. [6] Some of these

1. Ibid, p. 60
2. Ibid, p. 60
3. Ibid, p. 61
4. Ibid, p. 116
5. Ibid, p. 117
6. "The Man Who Saw Millions in a Nickel," Literary Digest, May 3, 1919, p. 75.

men may have been named Kresge or Newberry and some of them we shall never hear of; but of one thing we are sure--the idea was American and it was sound. (1)

Soon after the first World War, Edward B. Butler, (2) founder of a large national wholesale house, thought of an idea to help independent merchants succeed in competing successfully with chain stores. He pictured a central organization that would equip individual store owners to operate more efficiently. To develop the plan Mr. Butler called in an advisor, Thomas B. Freeman, then head of his own successful business. Under his guidance, they developed the Distributor Store Plan, (3) by which store owners could have the advice of merchandising specialists in return for the purchase of a fixed percentage of their stock from Butler Brothers. (4) It was good business for the Butler firm, but it also helped many owners over the rough spots in getting their stores to operate profitably.

In 1927, the Butler Brothers firm developed the Ben Franklin and Federated Store programs, which are independently owned stores using the company's name. (5) They have brought success to more than 2,000 Distributor Store owners throughout America with their skilled ideas and professional guidance. (6) I have no desire to lessen the importance of this company to the five and ten movement in our country. It must be remembered, however,

1. Ibid, p. 78
2. "Success in Retailing," Butler Bros. N. Y., p. 32, 1914.
3. Appendix #1
4. "Ben Franklin Operating and Control Manual"
5. Introduction
6. Ibid.

that the Distributor Store Plan was aimed primarily toward establishing a tremendous wholesale market for Butler Brothers' merchandise.

The red sign and gold lettering of "BEN FRANKLIN" spread rapidly during the 1930's and foremost among those men owning and operating these stores were ex-chain store managers who had become tired of working under the grueling pace set for them by all major syndicates. (1) These men had an excellent training and some had saved a little money. Although I can find no figures on what their average investment is, I did learn from one of Butler's salesmen that his firm is interested in any chain store trained man with $5,000. From this we can see that there are many men who have the ability to operate a variety store and who also have the courage and initiative to establish their own store. They are the men who sense the excitement of retailing, like to handle merchandise, and who know how to deal with people. (2)

It is interesting to note that the Ben Franklin organization extended their upper price limit for the same reason that Mr. Woolworth included ten cent merchandise as well as five cent in his second store; i.e., to extend the range of purchases offered to his customers, being careful to keep prices low enough to reach a great many pocketbooks. (3)

At the present time, many veterans who formerly worked for national chain stores have the idea of opening a variety store of their own. (4)

1. "Do You Want to Own Your Own Business," Butler Brothers, Chicago, p.2.
2. Ben Franklin Distributor Store Plan. p.3.
3. Ibid, p.4.
4. Ibid, p.5.

One of the reasons for breaking away from a chain organization is that there is a great deal of satisfaction to be derived from owning and operating one's own store. (1) It is one's own creation and furthermore its development and growth are largely the result of one's own efforts. The Government has offered to assist veterans by guaranteeing a $4,000 loan up to 50 per cent and making the loan interest-free for twelve months. (2) In my survey I did not include these new enterprises in the same category with established and successful variety store owners. Exclusive of newly established units, there are three hundred fifty-four independent variety stores in New England. (3)

1. Ibid, p.6.
2. "G. I. Bill of Rights." P.L. 346
3. Files of The Spool Cotton Company.

RETAIL VARIETY STORE QUESTIONNAIRE

Location

1. How long has your present store been established? 10.1 yrs.
2. Do you consider this location good? 67% Fair? 33% Poor? ---
3. Do you own your building? Yes? 27% No 73%
4. If not, what is your rental? $ 117. per month.
5. What are the dimensions of your store? 30 ft. x 71 ft. (2229 square ft.)

Help

1. How many clerks do you employ? Full Time 3 Part time 2
2. Are satisfactory employees available locally. Yes 27 No 3
3. Do you employ... Men? 0 Women? 19 Both? 11
4. Do you consider your clerks Superior? 6 Average? 24 Below average? 1

Stock

1. What is your average inventory at retail $ 15,220.
2. Do you do all of the buying? Yes 26 No 4
3. Do you buy most of your merchandise from general wholesaler? 15
   Butler Brothers? 6 Manufacturer? 14
4. Do you maintain a stock control system? Yes 17 No 13
5. Please number in order of importance the factors of your success:

	1st	2nd	3rd	4th
1. Good location	13	7	6	0
2. Good buying	8	12	2	2
3. Good display	1	5	12	4
4. Good help	1	5	4	17
Others	4			

Miscellaneous:

1. Do you change your windows 4 weekly, 18 two weeks, 7 monthly
2. What evenings are you open?
   Monday_____
   Tuesday_____
   Wednesday_____
   Thursday_____
   Friday 10
   Saturday 23
3. What is the one most profitable department? Candy 9 Notions 4 Toiletries 5 Stationery 3
4. Are your customers a) Residential 18 b) Farming 14 c) Industrial 11
5. Do you think a self-service department would be profitable in your store? Yes 8 No 21
6. Did you have chain store experience before opening your own store? Yes 13 No 17
7. Would you say business is Better 16 About the same 14 Worse 0 than last year?
8. Do you think the information of this survey can be of service to store owners? Yes 14 No 4

PLEASE USE THE REVERSE SIDE FOR YOUR OWN COMMENTS.

TABULATION NO. 2

SIZE OF COMMUNITIES SUPPORTING A VARIETY STORE

POPULATION	TALLY	FREQUENCY	DEV.	F.D.
8500 above	1111 1111 1111 1111	20	9	180
8000 - 8499	111	3	8	24
7500 - 7999			7	0
7000 - 7499	11	2	6	12
6500 - 6999	11111	6	5	30
6000 - 6499	111	3	4	12
5500 - 5999	11	2	3	6
5000 - 5499	11	2	2	4 +98
4500 - 4999			1	0
4000 - 4499	111	3	0	0
3500 - 3999	111	3	1	3
3000 - 3499	11111	6	2	12
2500 - 2999	11111	6	3	18
2000 - 2499	1111 1111 1111 11	17	4	68
1500 - 1999	1111 1111 111	13	5	65
1000 - 1499	1111 1111	9	6	54
500 - 999	1111	5	7	35 -255
		N = 100		-157

Mode 8500

Median 3000

Mean 3215

Taken from 100 New England towns.

TABULATION NO. 3

STORE AREA IN SQ. FEET	TALLY	FREQUENCY	DEV.	F.D.	
3825 - 4049	11	2	7	14	98
3600 - 3824	0	0	6		
3375 - 3599	1	1	5	5	25
3150 - 3374	1	1	4	4	16
2925 - 3149	11	2	3	6	18
2700 - 2924	11	2	2	4	8
2475 - 2699	1	1	1	1	1
2250 - 2474	1111	4	0	32	
2025 - 2249	1	1	1	-1	1
1800 - 2024			2		
1575 - 1799	11	2	3	6	18
1350 - 1574	11	2	4	8	32
1124 - 1349	111	3	5	15	75
900 - 1124	1111	4	6	24	144
675 - 899	11	2	7	14	98
		27		-68	534
				-36	

Range = 720 sq. ft. to 4050

Mean = 2229 sq. ft.

TABULATION NO. 4

AVERAGE NUMBER OF YEARS STORES HAVE BEEN ESTABLISHED

YEARS ESTABLISHED	TALLY	FREQUENCY	DEV.	F.D.
17	1	1	7	7
16			6	
15	11	2	5	10
14	1	1	4	4
13	111	3	3	9
12	11	2	2	4
11	11	2	1	2
10	111	3	0	36
9			-1	
8	1111 11	7	2	-14
7	111	3	3	9
6	1111	4	4	16
5	11	2	5	10
4			6	-49
		30		-13

Range = 5 to 17 years

Mean = 10.1 years

TABULATION NO. 5

MERCHANTS WHO RENT OR OWN THEIR STORE

Rent	-	22	=	73%
Own	-	8	=	27%

WHAT RENT DO THEY PAY?

Amounts	Frequency	Dev.	F.D.
$240 - up	2	9	18
225 - 239		8	
210 - 224		7	
195 - 209	1	6	6
180 - 194		5	
165 - 179		4	
150 - 164	3	3	9
135 - 149		2	
120 - 134	1	1	1
105 - 119	1	0	+34
90 - 104	1	-1	-1
75 - 89	4	2	8
60 - 74	1	3	3
45 - 59	3	4	12
30 - 44	1	5	5
			-29
	18		5

Range = $35 - $250

Mean = $117

TABULATION NO. 6

FREQUENCY DISTRIBUTION SHOWING AVERAGE INVENTORY AT RETAIL

DOLLARS INVENTORY AT RETAIL	TALLY	FREQUENCY	DEV.	F.D.
$28,000. - $30,000.	1	1	7	7
26,000. - 27,999.			6	
24,000. - 25,999.	111	3	5	15
22,000. - 23,999.	1	1	4	4
20,000. - 21,999	11	2	3	6
18,000. - 19,999.	1	1	2	2
16,000. - 17,999.	1	1	1	1
14,000. - 15,999.	1111	4	0	35 0
12,000. - 13,999.	11	2	-1	2
10,000. - 11,999.	1111	4	2	8
8,000. - 9,999.	111	3	3	9
6,000. - 7,999.	111	3	4	12
4,000. - 5,999.	111	3	5	15
				-46
N =	28			-11

Range = $4,000 to $30,000

Mean = $14,220

Mean = 15,000 2,000 (.39)

15,000 780 = 14,220

CHAPTER II

THE INDEPENDENT VARIETY STORE TODAY

Tabulation No. 2 illustrates the average size of communities supporting a variety store in New England. The 3,215 population is the mean of those one hundred towns used for this survey. To get a better understanding of why so many Independent Variety Stores are located in communities of less than 3,000 people, I consulted the United States Census for 1940. There are 1,452 urban towns of 2,500 to 5,000 population in the United States and there are over 13,000 rural places under 2,500 population. (1) This picture gives those men desiring to open a store quite a choice for location. Further statistics of the 1940 Census point out that small towns of 5,000 population or less represent 88 per cent of all incorporated places in this country.

Another factor which independent owners have considered is the absence of competition which the small community affords. Whereas larger towns offer greater traffic, this fact will not escape the eyes of other men with similar ideas and particularly planning heads of chain store systems. The major chains constantly have men on the lookout for locations in towns of more than 5,000 population. (2) Some independent variety store owners who have established stores in their own home town and have a wide circle of friends and connections have successfully bucked the competition of

1. "Establishing and Operating a Variety and General Merchandise Store," U. S. Department of Commerce, 1946, p. 21.

2. Interview with Mr. J. V. Fisher, S. S. Kresge Co., November 5, 1946.

Woolworth or Newberry 5¢ and 10¢ store. (1)

It is significant to note that in my tabulation of 100 New England towns, several of them were of 8,500 population or above. Yet the mean population is 3,215. This means that although there were several cities whose population is higher than can be shown in my frequency distribution, there are a greater number whose population is below 3,000, which results in pulling down the mean. We can generalize by saying that in New England the bulk of independent variety stores are in towns of less than 3,000 population.

We might suppose that there would be a relationship between the size of the town and the square feet of floor space in that town's store, but this is not necessarily true. There are too many intervening factors for this to be true in most cases. Foremost of these factors is the space available for a store in the established shopping center of a community. Twenty-two out of thirty stores reporting, or seventy-three per cent, rent the space they occupy. This means that those merchants rent whatever store space is available. An average of such space, according to my Tabulation, (2) is 2,229 square feet, which represents a store with a thirty foot front and seventy-one foot depth.

It is interesting to note that all of the stores covered by this survey are successful business ventures and yet the smallest one operates in 720 square feet while the largest one operates in 4,050 square feet of floor space. Perhaps we may conclude that the size of the store is not the

1. Examples in New England--Exeter, N. H.; Winchendon, Mass.

2. Tabulation No. 1. p.

most important factor in determining whether or not a store will be successful.

Another picture of the variety stores today is given in Tabulation No. 4 which shows the average number of years these stores have been in operation. Of the thirty stores reporting, they range from five years as a going business to seventeen years. These facts are not too important in a scene that is changing as rapidly as the post-war Variety Stores. In choosing the one hundred stores for this survey, it should be remembered that I did not include any that were established after 1941. In other words, if I should pick out 100 stores one year from today they might present an entirely different picture even though they too might all be operating successfully.

One of the first questions a person should ask when thinking of opening his own store is, "How much money will I need to invest?" This question was not within the scope of my questionnaire, but I was able to gain some information about financing in my personal interviews with store owners and also in my research.

I have already stated (1) in Chapter I that Butler Brothers Company is interested in helping the "right" person who has $5,000 in the bank. Perhaps this can be used as an average figure. I know of several stores that have started on less than a $5,000 capitalization, and the Butler organization informs me that most of their stores start with more.

There is always the danger of shooting too high in relation to the capital in sight. That is, there is a likelihood that operations contemplated

1. cp. p.15.

are too large for the amount of money and credit available. Advice of the Department of Commerce, Office of Small Business, is as follows:

> "Plan an operation whose capitalization is well within available means, even though the estimated income from the business at the outset is not up to the desired figure. Do not plan an operation which will take every dollar you have and which permits of no financial cushion for unforeseen difficulties during the first few months. Start small enough to be safe; plow profits back into business expansion; economize and grow on a sound foundation, and your net income will increase as the business grows and prospers. This course is better than to gamble on too large an operation and run the chance of going broke." (1)

A man contemplating a new variety store usually has a definite sum of money and he probably can count on some additional resources in the form of a loan from the bank, friends or relatives. (2) In addition, there is usually available a reasonable line of credit from his wholesaler and possibly from fixture and equipment manufacturers. (3) Some wholesalers will underwrite as much as 50 per cent of initial stock (4) if they believe the man has what it takes to be a good risk.

Although there is a wide difference of opinion relative to the proportion of cash resources that should be allocated to the various assets, a rough measure for a small variety or a general merchandise store might be somewhat as follows:

Inventory	70 per cent
Fixtures and Equipment	20 " "
Cash Reserve	10 " "

Ben Franklin Control Manual, Page C - 56

1. Sarah C. Saunders "Domestic Commerce", August 1946, page 17.
2. "Establishing and Operating a General Merchandise Store" - Department of Commerce, Page 58.
3. Ben Franklin Operating and Control Manual, Page 8.
4. Opinion from Questionnaire.

Here is a table which shows the sales and income attainable with capitalization ranging from $5,000 to $10,000.

PROPOSED ALL CASH BASIS FOR INDEPENDENT VARIETY STORES

Initial Capital	Stock 70% Cost	Retail 33-1/3% Mark-up	Fixtures 20%	Cash Reserve 10%	Sales 3 Turns	Maximum Salary and Profit 16%
$5,000	$3,500	$5,250	$1,000	$ 500	$15,750	$2,500
6,000	4,200	6,300	1,200	600	18,900	3,000
7,000	4,900	7,350	1,400	700	22,050	3,500
8,000	5,600	8,400	1,600	800	25,200	4,000
9,000	6,300	9,450	1,800	900	28,350	4,500
10,000	7,000	10,500	2,000	1,000	31,500	5,000

"Establishing and Operating a Variety and General Merchandise Store." p. 59.

Veterans who served on or after September 16, 1940, and before the end of World War II, and who are discharged under conditions other than dishonorable after active service of 90 days or more, or because of service-incurred injury or disability, may apply to any individual bank or financial institution for a guaranteed loan for the purchase or construction of homes, farms, or business properties including business equipment. (1)

If a store has established good credit, a bank is a desirable place to obtain additional capital to use in the business. Generally, bankers prefer a secured loan, but if convinced of the integrity and ability of the owner they may consider one that is unsecured, especially if the borrower is also a depositor. Bank credit should be used to carry the business over periods of

1. G. I. Bill of Rights - P.L. 346

peak requirements. For example, there are times when an opportunity occurs to make an advantageous purchase of supplies or when the stock of merchandise is built up on the expectation of some larger future sales and funds are needed to consummate the deal.

CHAPTER III

STORE LOCATIONS

We recall that in the case of Frank Woolworth [1] a poor location was the cause of failure in his first store and as he has stated, "It is the cause of more failures than any other one reason." [2] It was because of this fact that he was one of the first men to initiate "traffic counts" [3] as a means of evaluating prospective locations. This practice is now one of the basic "musts" for any of the chains and for most independent merchants when searching for a place to locate a new store.

Considerable study has been devoted to the subject of store location but the evaluation of specific locations is far from being an exact science. There are two aspects of store location; (1) an analysis of the business available in the trade area of the proposed store, and (2) the selection of a specific location for the store. [4]

To measure the business available, the area from which the store can reasonably be expected to draw trade is determined. I present, for example, the market area for the town of Maynard in Massachusetts.

	Population	
Town	1935	1945
Acton	2,635	2,869
Boxboro	404	358
Maynard	7,107	7,017
Stow	1,190	1,137
Sudbury	1,638	2,051
Totals	12,974	13,432
per cent growth		.035

Massachusetts Census figures for 1945.

1. "Five and Ten", p.
2. Literary Digest, May 3, 1919, p.
3. Appendix #2
4. "How to Start a Small Store" by Lew Hahn. p.10

The population has not changed materially over the past ten years, but whatever change there was has been positive. Once the area is determined, then potential sales may be computed on the basis of population, such as the sample shown above. Other factors are income, climate, and the occupations and customs of the residents. Consumers buy convenience goods such as cosmetics, notions, and stationery near their homes or at places which they visit for other shopping items. (1)

In judging the future outlook of a community of any size, the Department of Commerce suggests a classification along the following lines. (2)

"A. The Growing Town. Such a town probably grew rapidly during its early beginnings and then had a long-term gradual but steady increase in population and business activity. It may be that this type of town has not reached its full growth.

"B. The town that has grown to its present level due to sound economic reasons and has more or less maintained this same level over a long period, with little likelihood of a sharp decline occurring in the future."

Maynard, from our sample, seems to fit this classification.

"C. The town that grew fairly rapidly and then leveled off over a long period, but which recently shows definite signs of losing population because of economic reasons."

We might find in this class a number of our New England towns which grew rapidly during the war and have since lost their inflated population to other areas. (3)

1. Survey of Current Business, October, 1945. "Store Locations," p. 36.

2. Establishing and Operating a Variety and General Merchandise Store. Chapter III. "Selecting Your Location."

3. Example, Portsmouth, N. H.

"D. The declining town which may have had a quick start at its beginning, perhaps because of some special event such as discovery of gold, oil, or some other industrial activity."

The General Motors Corporation recently decided to build a large assembly plant in the City of Framingham. It was estimated that this expansion would increase the population of this city by 3,000.

"E. The small medium-sized town which is in the road of something that may cause spectacular growth. Ideal resort locations which have not yet struck a popular appeal may be classified in this group."

It is sometimes risky for a prospective merchant to try to forecast such a change, but those who have gotten in early on one of these areas have been quite successful. (1)

After the selection has been narrowed down to a particular town, that town is then analysed carefully. A person can hardly be expected to appraise a town without some outside help and, wherever possible, with expert advice. There are a great many questions which can be asked of the people in that community. A visit to the local Chamber of Commerce, business men's groups, and to a banker or two may uncover valuable information about the town in question.

From the market area and town we come right down to the selection of a specific site for our store. Stores which sell convenience such as those carried by variety stores are usually located where people pass. (2) These locations are usually found in the busiest blocks.

1. Example: North Conway 5/1.00 Store, North Conway, New Hampshire

2. "Traffic Counts," Appendix #2.

In answer to the question, "Do you consider your store location Good_____ Fair_____ or Poor_____? on my questionnaire, __67 %__ of the merchants replied Good, __33%__ Fair, and no one replied Poor. This supports my belief that these men use more than guess work in choosing their location. It is further substantiated by the fact that these same owners have been in business for an average of 10.1 years.

One of the important features of any study is the traffic count which I have mentioned previously. Large chains keep a careful check of the sex of passers-by, as well as an estimate of their age and other factors such as types, low, medium or high income groups. Furthermore, they carry on these lists over a considerable period of time and in all kinds of weather and use their established outlets in similar locations to estimate the number of passers-by who enter a store to buy. (1)

Obviously, the small merchant is unable to spend any such time or money in an elaborate system of checking. They do, however, conduct simple tests particularly when trying to decide on one or two sites. By clocking each location for half-hour periods and at different hours during a number of days, a person can get a fair idea as to which streets offer the heaviest traffic. Many experts advise selecting the location having highest traffic count per half hour during 1:00 PM to 5:00 PM period and Saturday nights. (2)

There is no general rule that applies in the choice of the side of the street except to watch that side which most customers prefer. If both sides attract an equal number of people, it is usually wiser to choose that which is easier for automobile traffic to reach.

1. "Establishing and Operating a Variety and General Merchandise Store" Page 28.

2. Selected Information on Chain and Variety Stores, Census of Business #3, Census Bureau, Washington, D. C.

Invariably, and quite naturally, a corner site commands a higher rent than does a site inside the block. In selecting a location, the merchant may pay a high rent for a location in the best block and depend largely on his window displays to attract customers. Or he may pay less rent for a location with lower traffic density and spend more for advertising to attract customers.

A location off the main traffic thoroughfare often affects volume to the extent that the store is unprofitable. Hence a rental of $150 per month in a 100% location may be more economical than a $60 rental in a 65% location. (1)

My rental figures on the 73% of store operators who rent is somewhat unreliable since only 18 or all stores replying were willing to divulge the amount of rent paid. The average or mean is $117 and rentals range all the way from $35 per month to $250 per month. So very much depends upon the business appraisal of property at the particular time when someone wants it that I need a larger sample to draw any general conclusions. Renting his store does give the merchant more flexibility and in case he has an opportunity to move to a better store he can do so easily. It should be pointed out, however, that this situation gives anyone else an opportunity to rent the same store. I have known of some very unhappy merchants whose stores have been rented out from under them. Most store owners who have been successful in one location try to gain some assurance that they are secure. For this reason and because it is cheaper to own a building in the long run, some merchants (8) prefer to be owners.

1. Ben Franklin Operating and Control Manual, Butler Brothers, Chicago, Ill., 1939. Page O-1.

CHAPTER IV

STORE HELP

No matter how well you know merchandise, or how cleverly you buy it to sell at the right prices, and no matter how expert you are in handling customers, unless a merchant imparts the necessary qualities to his salespeople, he will lose the benefit of his own skill and training the moment a customer and a sales clerk come in contact. Obviously, he cannot handle every customer, but it is his responsibility to see that all clerks do the job as he would personally do it. The capability of a merchant as a selector and trainer of personnel, and the skill and fairness as a supervisor go a long way toward deciding the success or failure of a store. (1)

> "Millions of dollars worth of potential business goes out of the doors of Ben Franklin Stores yearly, through the inability of salespeople to serve customers adequately. The difference between a profit and loss in a store's operation is frequently determined by the expertness and frequency with which salespeople make the 'Second Sale'." (2)

This is the advice of the Butler Brothers Organization to their member stores and it brings to the fore the importance of good help and a well planned sales training program.

Some statistics on the Personnel situation in New England Variety Stores are somewhat revealing. (3)

1. The greatest number of stores, 42 per cent, maintain two full-time clerks and two part-time clerks. Because some stores are larger than

1. "Should I Start my own Business," P. D. Converse, University of Ill., p.27.
2. Ben Franklin Control Manual. Page O-145.
3. Tabulation #1.

others, the average is three full-time employees and two for part time. By part-time is meant to be employed on Saturday afternoons and during rush seasons of the year. Full-time clerks, in my tabulation, does include the manager.

2. It appears that most stores, twenty-seven out of thirty stores, or 90 per cent, employ local help and do not have to look outside of the town for assistance. This is a decided advantage which the independents enjoy over the chains because local employees encourage their families and friends to trade at "their" store.

3. This type of work is decidedly women's work except for the manager himself. Sixty-three per cent of reporting stores employ women only. Thirty-seven per cent employ both men and women, but no stores employ solely men. This is understandable because of the low wages paid for this type of employment.

Large "five and dime" chains have set the pace with low pay and although there is some evidence to show that independent owners pay somewhat better, that difference is slight. Figures (1) for 148 chains employing 126,429 full-time employees and 28,865 part-timers are as follows:

> "Variety chains pay a lower wage scale and are content with a lower quality of salespeople than are employed in almost any other kind of store, the annual wage per full-time employee being $666." (2)

1. Fifteenth Census of the United States - Retail Chains.
2. Ibid, Page 69.

There is nothing in this report to indicate whether such a policy results in lower distribution cost, considering its effect on other expenses and on sales effort and customer reaction, than would result from the employment of a higher grade of sales personnel. It appears that the influence of Mr. Woolworth who founded his chain on the basis of "hard work and low pay" is still very much felt by the entire variety store field.

Twenty-four per cent of store operators in New England consider their sales help as Average. (1) It is somewhat surprising to note that five merchants evaluate their employees as Superior. These are, of course, very general terms, but in view of the consistently low incomes of these people, one wonders how nearly 20 per cent could be rated as Superior.

In visiting several of the chain stores and independents and talking with their personnel, it was apparent that there is a wide margin of difference in the general aptitude of these women. Alert and capable women in the variety store business stand out in clear relief against the average. (2)

How should one determine the number of clerks needed in a store? Robert Shosteck, in his book, "Careers in Retail Business Ownership," says,

> "There should be enough clerks in the store at all times to insure prompt service for all customers and also to maintain neat counters well filled with current merchandise."

The Ben Franklin Operating and Control Manual devotes a whole section to the training of salespeople for stores in their distribution plan. They suggest that in the organization of the store each employee should be responsible for some routine task. First and foremost, though, they must

1. Tabulation #1. Page 17.
2. Observation my own.

employ more than one method because they handle so many types of goods and buy from numerous sources. Furthermore, the plan used for year-round merchandise differs in some respects from the control for seasonal articles. The size of his establishment and the number of people employed are also determining factors.

Controls are usually kept by means of:

OBSERVATION.

or by the use of:

ON-HAND - ON-ORDER - SOLD records.

DETACHABLE TICKET STUBS.

PHYSICAL INVENTORY.

or by: DEPARTMENTALIZATION.

A complete departmental control is not ordinarily practicable for small stores, since the entire operation is under the direct supervision of the proprietor and the additional time and work involved are hardly justified. Occasionally merchants do want to watch the performance of a certain department, or even a single line, in order to check its value to the store as a whole.

The Observation method consists of watching the physical layout of counter, shelf, and reserve stock. Generally a want-book, in which items are recorded as needed, is used in conjunction with this system. One of the major shortcomings of this plan is that it requires much discipline to be operative. It may often be the cause of losing sales, for merchandise may not be entered in the want-book until stock on hand is almost completely out. Furthermore, without a better checking system, orders are usually placed only at the time of a salesman's regular visit. I do not want to suggest that a

want-book is unimportant or useless to store managers. Even large stores find such books effective reminders of low stock and invaluable to the Observation method of stock control. Unless one can develop skill and foresightedness, therefore, in anticipating store needs, this method is not very satisfactory.

On Hand - On Order - Sold record: This plan which is almost universally used by national chain stores [1] but sometimes by-passed by independents is a most effective way to know how to order sizes, colors, or styles in proper proportion. It consists of a form which is filled in by any one checking the stock and supplies the information needed to order in quantities that will sell out evenly. A sample stock control form is on the following page.

The Sold quantity is obtained by adding together the beginning On Hand and the Received and deducting the ending On Hand. The amount needed to bring stock up to normal is estimated and the order made out. Changes for seasonal demand can be anticipated by any person thoroughly familiar with merchandising. When the shipment is received, the contents should be checked against the On Order figures. If there are variations, the On Order figures must be changed to correspond; otherwise the Sold figures will not be accurate when next calculated.

The On Hand - On Order - Sold form is flexible and adaptable to all types of goods handled in independent variety and general merchandise stores, and varying the checking interval does not detract from the usefulness of the information obtained. I find that many proprietors do not use

1. F. W. Woolworth, J. J. Newberry, S. S. Kresge.

It Pays to Concentrate Your Purchases

QUANTITIES ON HAND (O.H.) AND ORDERED (O.)

The Spool Cotton Company

Art. -48-

O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.

It Pays to Concentrate
Your Purchases

QUANTITIES ON HAND (O.H.) AND ORDERED (O.)

The Spool Cotton Company

Art.

O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.	O.H.	O.

this procedure throughout every department of their stores. They may use these forms in Notions or Toiletries where turnover is fast and the items are too numerous to remember. However, in Ready-to-Wear or Specialty articles they may rely on the Observation method of stock checking.

Detachable Ticket Stubs: Detachable stubs on tickets placed on merchandise also afford an effective means of stock control. They have been used by zipper manufacturers (1) and other notion houses to assist merchants. From my observations of this system in practice, I would say that it has some definite limitations. First, the stubs have to be removed and stored or posted regularly. This requires careful training of sales clerks or methodical checking by the proprietor, and it involves more regular detail work than most operators are willing to give.

Physical Inventory: Strictly speaking, the physical inventory is not a means of controlling stock. It involves counting the quantity on hand of each item and determining its value for a profit-and-loss statement and income tax. This is the time many merchants check on old merchandise, particularly stock which is ordered on an annual basis. Stock is usually at a low point right after Christmas and business strikes a lull which affords merchants an excellent opportunity to see what has sold, what items can be counted on to sell in the new year, and, more important, what lines are still overstocked and should not be reordered. (2) One merchant (3) told me that he segregates all of his old merchandise. Any

1. "CROWN" Zippers.
2. Bibliography #12. "Ben Franklin Operating and Control Manual."
3. Interview.

item that has been in the store for one year has had two full seasons in which to sell. There is no reason for giving it another chance. At that stage, old merchandise should be bargained off, or burned, because it is not paying any rent for the space it occupies. The F. W. Woolworth Company will not inventory any merchandise which was purchased in the preceding year. (1) It can be readily agreed that these methods encourage the buying of lines which move rapidly and eliminate "long chances" on high margin (2) specialties.

Departmentalization. By this method I mean classifying the merchandise by departments and having all goods listed in a stock control ledger of that department. This allows merchants to keep a close check on some departments where they deem it necessary and to let other departments ride or be checked less frequently. A well organized store may have specific personnel responsible for checking certain departments at regular intervals.

1. Interview. F. W. Woolworth Store, Natick, Mass., January 11, 1947.
2. Interview. F. W. Woolworth Store, Marlboro, Mass., January 11, 1947.

CHAPTER VI

STORE MANAGEMENT

Professor Converse, in his book, "Should I Start my Own Business?" makes the following analysis:

> "The prospective merchant should ask: 'Am I intellectually, tempermentally, educationally, and physically qualified to operate my own business?' He should also ask, 'Have I enough capital to start the business and to finance possible losses during the period of development, which may be a few months or a few years?'
>
> "Just as there are many kinds and sizes of businesses, so there are many varieties of qualifications for operating them successfully. It does not require a particularly high intelligence to operate such a business as a small retail or wholesale store. Some studies indicate that those with A intelligence are little, if any, more successful than those with B intelligence.
>
> "Character traits of successful merchants make up a very large part of what is generally called managerial ability. One might go so far as to say that the ability to judge people, to pick those of ability and then to stimulate and inspire them is the most important part of successful management."

In this Chapter on Store Management I shall take up some of the newer phases of managerial duties that have evolved out of the studies of the variety store business. We begin to see what Mr. Frank Woolworth started when he opened the first "5 and 10" back in 1879. Today in the United States there are over 3,000 (1) independent retailers who are affected either directly or indirectly by the syndicate store business methods. In fact, as shown by this survey, (2) almost one-half of the store managers have had chain store experience before opening their own

1. "Growth and Development of Chain Stores," U. S. Government Printing Office.
2. Tabulation #1. Page 17.

store. Many of the other men have learned by studying their methods. These methods which I refer to are distributed by large wholesalers who hire salesmen that are merchandisers and do a great amount of servicing for their customers. Foremost in this work is Butler Brothers of Chicago, Illinois.

We can all remember the old-fashioned Dry Goods Store where merchandise was piled up in boxes on the shelves which ran the full length of the walls of a store. This was staple merchandise and would not be exposed unless called for. Faster-moving lines or those less subject to damage from exposure might be displayed on tables in the center island, but no effort was made to arrange goods artistically to give them what we know as "eye appeal". Some articles remained in their original boxes for years, because they were never called for and hence were never shown. I know of one store not far from Boston where there is merchandise on the shelves that was handed down by the former owner over forty years ago. (1) I asked this merchant why he kept this merchandise on his shelves and he seemed quite startled at the suggestion of throwing it away.

Concepts of merchandising have changed quite considerably since 1879. Formerly, merchants were rather conservative men with some capital and not too much ambition. They stocked only items that were asked for and tried to buy in sufficient quantities to gain advantageous discounts. As I mentioned on Page 50, articles which do not move are disposed of because they do not pay for the space they occupy. Also, merchants today

1. G. R. Bancroft, Winchester, Massachusetts.

are very ambitious promoters as is evidenced by some of the comments I received from store owners with whom I corresponded in my survey. One of the important factors of success is display. Four managers change their window displays weekly, whereas eighteen do it every other week. (1)

Butler Brothers Company, which I refer to constantly because of the educational job they have done for independent merchants, makes the following statement:

> "In studying the operating statements of a great many Ben Franklin Stores, and in personally visiting those stores, it is immediately apparent that the amount of net profit realized is primarily affected by the quality of store management."

I cite this reference because it is quite evident today that the old methods of operating a store could not possibly compete with a modern store. Some people still hate the chains because they have invaded the field formerly dominated by independent merchants. Actually, they have brought the independents up to date. From old ideas, there has evolved new methods which have lowered the cost and raised the standard of living of consumers everywhere.

A proprietor is, in effect, the executive head of a business; it is his responsibility to delegate to his organization the various duties necessary for the proper performance and maintenance of the store and, through his example, set the stage for professional retail procedures.

The professional retail procedures are several in number and I shall take them up individually with a brief explanation about each one.

1. Tabulation #1. Page 17.

have a clear understanding of all duties and know what is expected of them. The training for the particulars of the job proceeds with sufficient supervision and follow-up to insure efficient, conscientious performance.

Regular daily, weekly and monthly work schedules should be established to insure efficient store operation. Here is one recommended daily schedule for sales clerks. (1)

Monday:	Work on counters--checking, ordering, and arranging displays.
Tuesday:	Work on under-counter stocks--cleaning, checking, and replenishing stocks.
Wednesday:	Work on shelving, arranging displays, and cleaning.
Thursday:	Work on under-counter stocks--cleaning, checking, and replenishing stocks.
Friday:	Work on counter, preparing for Saturday selling.

Similar work schedules can be worked out for the stock man, the cashier, the assistant manager, and proprietor, the important thing being that every person has a task and the responsibility for its accomplishment rests squarely on his or her shoulders. A good plan tied in with such scheduling is the inauguration of a program providing for increases in pay, up to certain limits for proficiency, loyalty, and steadiness on the job.

Clerks should be taught that a sale is made when the customer decides that the use and advantage she will receive from an article are of more value to her than the asking price. (2) This decision circumstances other

1. C. K. Wood, Ben Franklin Store, Somersworth, New Hampshire.
2. "Careers in Retail Business Ownership," Robert Shosteck, Washington, D. C., p. 211.

methods of compensation which might profitably be used, especially in the larger store where more people are employed. For example, employees who have complete charge of departments buying, display and sales promotion, as well as the usual selling duties, may be given bonuses in addition to their salary. These bonuses are sometimes based on the following points:

1. Increase in sales beyond a specified volume.
2. Increases in the dollar gross margin earned, and
3. Reductions in expense ratio. (1)

New laws establishing basic wage rates for store workers is now pending before the legislatures of three of our New England States. (2) It is believed by many that such laws have been long overdue and that they are almost certain of passage. In Massachusetts, a basic wage rate for clerical, technical and similar workers was made a law on October 15, 1946.

It established minimum wages as follows:

Experienced employees ... 60¢ per hour
Inexperienced " .... 55¢ per hour

This would mean that no person would earn less than $24.00 a week for forty hours of work. Based on a fifty-two week period, this amounts to an annual wage of $1248.00, which is considerably above the national average for variety stores.

1. Ben Franklin Operating and Control Manual, Page O-46.
2. Massachusetts, Connecticut, and Rhode Island.

CHAPTER V

STOCK OR INVENTORIES

Inventories necessarily vary widely from store to store in communities throughout New England. If the community is large and trading is brisk, we are more apt to find a larger stock of goods in the store. Where the shopping center is small or when a merchant is just getting started, the stock of merchandise is apt to be below $5,000. However, referring to my previous figures, this could mean a net profit of $2500, which is somewhat higher than the national average of incomes. Perhaps my figures from Tabulation #6 are a good reference with which to start. I found that the average inventory at retail was $14,220. Allowing a 33-1/3% mark-up, this would mean an average investment of $10,480. This figure does seem high, but when we consider the average number of years these stores have been in operation (i.e., 10.1 years) the figure does not appear unreasonable.

Mr. Edward A. Filene states in his book, "Next Steps Forward in Retailing," (1) a person's ability as a merchant will be largely determined by his skill in having

What the public wants
When the public wants it
Priced at what the public will pay.

Thus the start of all good merchandising activities is having the right goods to sell. This merchandise falls into certain specific classification and much of it is stocked by all independents visited in this survey.

1. "Next Steps Forward in Retailing," Edward A. Filene. Harper & Bros., New York, 1937, Page 189.

TABLE NO. 7

DEPARTMENTAL CLASSIFICATION

DEPARTMENT NUMBER	DEPARTMENTS	MERCHANDISE
1	Candy	Bulk candy, bar candy, Box Candy, Mints, Gum, Cookies, and Cakes.
2	Notions	Sewing Needs, Buttons, Sanitary Goods, Jewelry, Art Goods.
3	Glassware	All Glassware, Crockery, Tinware, Aluminum, Enamel and Wooden ware, Paints.
4	Toys	Toys, Harmonicas, Skates, Baseball - Tennis and Football Goods, Novelties and Gift merchandise.
5	Toiletries	Cosmetics, Cleansing Tissues, Dentifrices, Antiseptics, and Shaving Supplies.
6	Stationery	Stationery, School Supplies.
7	Hosiery	Women's and Misses' Silks, Rayon and Cotton Hose, Anklets, Work Socks.
8	Dry Goods	Domestics, Towels, Curtains, Table Oilcloth, Men's and Boys' wear, and Slippers.
9	Ready-to-wear	Lingerie, Dresses, Sportswear, Gloves, Scarfs, Infants' Wear, and Millinery.
10	Hardware	Small hardware, Tools, Kitchen Utensils, Auto supplies, Knives, Electrical Appliances and Supplies.

Table No. 7 gives a good picture of some of the "must" items stocked by variety stores in New England. Of the store owners reporting, 87 per cent do all of the buying themselves. This places the responsibility on one person and it is his function to find out what brands the customers prefer and where he can purchase these brands in the quantities desired and at the time needed.

It appears that the greatest number of merchants purchase the bulk of their goods through general wholesalers. (1) The wholesaler's main functions are to buy direct from the manufacturer a large stock of assorted goods; maintain a warehouse for their storage; cover every town--large and small--in his district; and provide prompt delivery service. As he prospers only to the extent that his customers do, the progressive wholesaler places as much effort on serving as he does on selling.

The major advantages to be gained through dealing with a first-class wholesaler are:

(1) Completeness of lines. He is near at hand, and warehouses all sizes, colors and styles. He can and is willing to sell as few of anything as is ordered. At the same time, he can ship odd lots of other needed items. Suppose a retailer had to order eighteen or twenty different shipments instead of one. Imagine what the transportation cost, the delay, and the ordering detail would be. Added to this is the increased cost to the manufacturer which would necessarily add to the unit cost.

(2) Advisory Service. Some wholesalers have an efficient sales force made up of men who understand the retail business. They are well equipped to give practical advice on many phases of getting a business started. They know the price ranges that will be the most profitable for a particular location and type of store. Some of the larger wholesalers (2)

1. Refer to Tabulation of Questionnaire. Page 17.
2. Butler Brothers.

assist their retail customers in selecting a location. They may even supply, build, or help to choose the equipment, and also give suggestions as to financing, record-keeping, and store operation.

(3) Credit. Large wholesalers can grant credit to tide merchants over during the first few months.

(4) Special buys. Stores that maintain close contact will be informed when economical purchases can be made.

(5) Promotional aids. Many wholesalers give valuable help in meeting competition through advising on how to be a better merchandiser. For instance, he can give away displays, booklets, sales training courses and ideas for promotion.

These are some of the principal advantages of dealing with wholesalers. However, every territory of any size has several wholesalers competing with each other. Each merchant must use good judgment in choosing his suppliers and these sources will be narrowed down to a few good ones.

Concentration of buying is common sense because it means better service at less transportation cost than for one who shops anywhere and everywhere. I find, however, that our independent merchants are flexible in their merchandising and this leads me to the discussion of other sources of merchandise.

Butler Brothers. As previously stated, [1] this house is a very large national wholesaler who combines merchandise with merchandising plans, using the latter as an inducement to get independent merchants to purchase a large percentage of their goods exclusively from Butler. It should be pointed out that some antagonism for this firm has developed because they do not give

1. "Success in Retailing," Butler Brothers, New York, 1921.

this service away but charge the merchant a yearly stipend. They have the disadvantage also of having their nearest shipping point in Baltimore, Maryland. This adds to the shipping costs of New England merchants.

One store-owner, [1] an ex-chain store manager, objected to the Butler Brothers' contract which included the daily pay of $25.00 for a man to relay his whole store. This might be a service to some store-owners who did not know how to arrange merchandise, but for this man it was a nuisance and the company was so insistent that he finally revoked their contract. However, Butler Brothers have exerted quite an influence in spreading the practice of efficient store operation, and many merchants [2] continue to find it a good policy to buy from this house. If I may hazard an opinion, I would say that the store-owners whom I know and have interviewed object to being tied down to any contract which limits their flexibility and says, in effect, that they must buy from any one source. This is in conformity with the age-old New England tradition of being truly independent and not leaning on any one else for the success or failure of the enterprise. In other words, to do business in New England any manufacturer or distributor must have more than just pleasant words and a few ideas to sell his wares. He also must have the right goods at the right price.

Not so long ago, independent merchants were almost entirely dependent for merchandise on ordering by mail or at the time the wholesaler made his regular visit. In those days and in some sections of our country today, manufacturers depend on wholesalers to distribute the goods they make. The

1. Store name withheld in confidence.
2. Tabulation #1. Page 17.

rise of the chain stores about 40 years ago started the trend toward buying direct from manufacturers. This practice has been carried over somewhat to the independent variety stores of today. Examples are in cosmetics, [1] art goods, [2] and kitchenware. [3] The firms making these products and other firms as well find that their products can be merchandised more effectively by sending their own salesmen out into the field. Obviously, this results in a saving to the merchant because it circumvents the middleman or wholesaler. Most manufacturers can afford to send their salesmen to serve only their large accounts, but I have found store-owners very receptive to doing business directly.

Any discussion of the methods of buying leads quite naturally into the subject of stock control, because a store-owner cannot keep track of the numerous items stocked in a variety store without some means of control.

By definition, stock control is the retailer's method of maintaining a balanced inventory. It means having at all times the right quantity of each kind of merchandise in proportion to sales. It shows:

(1) What to buy

(2) When to buy

(3) How much to buy

It is thus apparent that stock control and buying are each a part of the other. To be effective, a stock-control system should:-

1. Provide a guide which indicates what, when, and how much to buy, by style, color, size, price, and brand.

1. Park and Tilford.
2. The Spool Cotton Company.
3. Wear Ever.

2. Reduce number of lost sales resulting from being out of stock on merchandise in popular demand.

3. Locate and keep track of slow-selling articles.

4. Tell what goods to push for volume.

5. Indicate the need for store rearrangement. (1)

While the procedure established should be adequate, it should not be so complicated as to entail undue expenditures of time and money. Some retailers have reported that an elaborate stock control system is more costly and wasteful than it is useful. Seventeen of the thirty merchants replying to the Questionnaire (2) maintain some system of stock control, and about the same percentage of those interviewed did likewise.

Naturally, any stock control system will not eliminate the need for judgment, but it does provide a reliable background of facts on which to base decisions. For instance, if a manager knows that he sold four dozen spools of white sewing thread size #60 at 5¢ a spool last week, he can feel justified in expecting to sell the same quantity next week and can arrange his purchasing accordingly.

Continuing with this example, threads are ordered by colors and sizes, and the control information should be so classified. Thus he can tell, for instance, whether the trend is toward lighter or darker shades and can make up the bulk of his stocks with those sizes and colors in greater demand.

There are many variations of stock control systems. Some merchants

1. Bibliography #11.
2. Tabulation #1. Page 17.

Counter Layout:

Counter layout is the most professional aspect of Variety Store operations. Most of the sales are made from the counter. A few items are, of course, sold from racks, floor stands and shelving, but these are of secondary importance from the standpoint of relative sales volume. A well-planned layout actually promotes sales of impulse goods. For instance, the variety chain stores always place their candy, jewelry, toiletries, and notions just inside the door, while to the rear are underwear, housewares, and Ready-to-Wear goods.

The answers to my question, "What is the one most profitable department?" were significant because they varied a great deal. The first four with the number of replies were:

Candy	9
Cosmetics and Toiletries.	5
Notions	4
Stationery	3

This would seem to indicate that an important factor is the consumer who is serviced by the particular store. This is just one additional reason why a proprietor must know his customers.

These four department will probably rank high in any store and may generally be found near the front of the store. The reason is easily understood. A customer enters the store and goes to the rear to buy the things he or she needs, but coming in and going out he or she must pass the profit-making Candy, Jewelry, Toiletries, and Notions Departments. Shown there are items which the customer has not intended to buy but sees

displayed and often buys on impulse.

The location of a department in the store determines, to a great extent, the amount of space to be given. Departments composed of a large per cent of bulky items and low unit sales are forced to the rear, whereas small items with a high unit sale come to the front.

Another factor is the space necessary to display adequate assortments, depending to a large extent on the physical requirements; i.e., the size and shape of items in a department. In the majority of stores, the greatest volume of profitable sales is produced by well-balanced departments. Space cannot be added to one department without reducing another proportionately, so for this reason they do not tend to over-develop one department at the expense of another unless convinced that total store sales volume will be increased thereby.

Store Atmosphere:

Store atmosphere is that intangible something that makes a store interesting, pleasing and inviting. Proper store atmosphere is made up of attractive, well-painted ceilings and side walls, clean and attractive shelving and counters, beautiful displays properly balanced and in proper sequence, departments logically related together and a rhythm of harmony and color. The customer must be greeted with a room that is pleasantly warm in winter and as cool as possible in summer.

The arrangement of fast-moving items that people are more likely to buy is such that they can pick them up without searching under or around numerous other articles. Slow-sellers or bulky items are needed in certain departments to round out the assortment but cannot be given

counter space. These items are usually displayed and sold from the shelves. The grouping can be as attractive as possible, with every item as attainable as possible. It may be humorous to see a clerk balance on a stepladder and reach over and behind merchandise to get some obscure piece, but this also leaves a feeling of poor store organization.

Successful merchants are very fussy about their candy department. They know that this department must be spotlessly clean at all times. The general impression created by this department will be a major item of store atmosphere. Scales and scoops are not only clean but polished and shining. Shams are usually completely covered with candy. This is watched carefully when the display is first put in and when the display gets so low that shammed candy must be sold, the entire display is taken out. (1)

Department locations are sometimes taken for granted and many times improper locations detract from the general appearance of the store. In this connection, there are often opportunities for more efficient arrangement which will not only aid sales but also will improve the store appearance.

Store Personnel has perhaps more of a decided bearing on the general atmosphere of a store than any other one thing. Their approach to customers, their general attitude and bearing can give the impression of a friendly, welcoming store, or a cold, disinterested one. Customers are quick to sense this warmth of greeting, this sincere desire to give

1. Interview with E. M. Ford, Walpole, Massachusetts.

helpful, interesting service, and they are as quickly repelled by inattention as by unsatisfactory service.

Show Windows:

The location of store windows determines to some extent the amount of rent. Store owners rightfully pay extra hundreds of dollars a year for the privilege of placing windows in a preferred position in town. But, the return on this location investment is dependent to a considerable extent on the thought and planning given to window display.

An indication of how valuable windows are to a store may be gained from the following paragraph:

> "A survey of 36 stores in 23 cities showed that the number of persons who passed a window display daily ranged between 2,000 and 18,000. The daily average of pedestrians over 12 years of ago, between 8 A.M. and 11 P.M. was 5,875 per store. About 14 per cent of the passers-by glanced at or saw the store displays." (1)

The figures are, of course, of no particular value in interpreting the New England picture, except as a reference point. In my own survey I found that 60 per cent of all merchants reporting change their windows every two weeks. (2) Some small stores change weekly, whereas larger stores may rotate their windows by changing one each week. (3)

It becomes evident then that windows are silent, tireless salesmen. Every hour of the day they bring merchandise to the attention of the outside public. Their purpose, if we accept the words of Butler Brothers,

1. "Variety and General Merchandise Store," P. 173.
2. Tabulation #1. Page 17.
3. Ben Franklin Store, Somersworth, New Hampshire.

is to "stop uninterested passers-by, interest them in your offerings, and induce them to enter your store and BUY."

One Woolworth Manager told me that he figured a well-trimmed, effective window can, and often does, pay the week's rent in extra sales; and I believe it can also be stated that an uninteresting or stale window encourages potential customers to pass on to a competitor.

Realizing then that windows are an important factor of successful store management, what are the professional aspects of utilizing this medium?

In years past I think it is safe to assume that windows had the same purpose as they have today. The only difference is their utilization for performance, which so dominates the present-day merchandising picture. I can imagine my grandfather, who owned a general merchandise store, putting in the window some few articles which he thought interesting and if he really wanted to push the line he placed them on the sidewalk. He was correct in his attempt to bring his merchandise closer to the prospective purchasers, but his methods were somewhat unimaginative.

If his store were existing today, I should have certain suggestions to make and I base them on references to professional data and experience in the field.

First of all I should have the windows washed which is a fundamental and absolutely as essential today as it is for the proprietor to wash his face regularly.

Secondly, I should purchase merchandise to sell. This means that a merchant must not wait for post-mortems [1] of articles he might have sold,

1. H. A. Hills Self Service Store, Wellesley, Massachusetts.

but did not have. The modern and professional way is to purchase lines which in the light of experience a merchant thinks he can sell, and he promotes these lines via window displays and counter layouts. (1)

Thirdly I would learn something about Window Trimming, which, it goes without saying, was a homeless orphan in the days of my grandfather. The utter lack of imagination and symmetry of those pre-World War I shop windows must have actually turned some people away from the ordeal of entering to purchase wares. It is impossible here to go into the technique of window decoration that is used today. However, I may say briefly that it is an art in itself. Many large stores maintain a staff of window decorators who do nothing but promote the sale of merchandise via this medium. Mr. Nutting, of the F. W. Woolworth chain, became a wealthy man because he impressed Mr. Woolworth with his artistic ability to display merchandise. (2)

It seems to me that most all techniques of window display revolve around three basic factors. (3)

1. <u>Balance</u>

Display masses are always equalized. A display of one kind, size or shape on one side is matched by a similar display on the other. If a stand two feet high is placed on one side of the window, then a stand two feet high is likewise placed on the opposite side of the window to offset or to balance the first stand.

1. "Next Steps Forward in Retailing," Edward A. Filene, Harper Bros., N. Y., 1937.
2. "Five and Ten," J. J. Winkler, Page 103.
3. "Ben Franklin Operating and Control Manual," Butler Bros., Chicago, Ill., 1939.

2. Rhythm

A pleasing, effective rhythmic design is accomplished by avoiding monotony through setting displays at different angles and at different heights without sacrificing the balance of the trim. There are endless combinations of window stands, glass risers, window box combinations, and over-counter display units used in connection with window trimmings that can help to produce this rhythmic effect. Imagination is essential in the development of this factor.

3. Harmony

Harmony depends upon proper use of color and it is surprising what effective results can be accomplished through the use of pleasing color combinations. Wherever possible to do so, bright colored merchandise is used to attract attention. This does not mean that the brightest colors are always the most desirable. Much depends upon the desired effect. I might add that certain colors show up more vividly against various shades of background, and likewise certain colors are characteristic of each season and serve to give windows a seasonable atmosphere.

It should be stated here that the most effective window display may be completely wasted without proper window illumination. Show windows are, of course, lighted whenever the store is open for business after dark and it has become a custom for merchants to illuminate windows during the evening and while there is traffic on the street. In my survey I found

that 77 per cent of the merchants still are open on Saturday evenings and some stay open on both Friday and Saturday. There has been some evidence that syndicate stores may discontinue the "open evening" plan. This may be a temporary measure during the help shortage, but even if the chains do not keep open at night I believe the independents will continue this practice because their help situation is not so critical. Window illumination will still be an important phase of display whether they remain open or closed, because whenever there is traffic there are prospective buyers who may see something they want.

4. Store Records

In these days of highly professional retailing, it is necessary that records be complete and accurage to determine the efficiency of a store's operating pattern and to eliminate waste. It is no secret that one of the outstanding reasons for the success of corporate chains is the accuracy of their records. They provide the management of the respective companies with complete, informative data and this information is no less important to any independent proprietor. (1) While lack of records is not the direct cause of failure, it can affect the chances of success for records are a valuable aid in guiding and controlling the business. (2)

For any proprietor who has to perform multiple tasks, the system should be as simple as possible. Information required only occasionally need not be assembled each month.

1. "Ben Franklin Operating and Control Manual," Butler Bros., Chicago, Ill., 1939.
2. "Why Merchants Fail," Institute of Distribution.

4. Store Records (Cont.)

Wages, advertising and supplies are the items to watch. A detailed monthly estimate of all expense with insurance and depreciation accounted for will not help to control the variable expenses. But a study of each variable expense will permit one to estimate net profit, and for this purpose an annual or semi-annual profit-and-loss statement should suffice.

Here is the brief outline of what a record-keeping system should enable one to do. (1)

1. Prepare an annual profit and loss statement and determine net profit.

2. Prepare an annual balance sheet and determine net worth.

3. Submit financial statements needed to obtain credit rating.

4. Prepare Federal income tax returns as well as State returns.

5. Account for social security taxes, withholding taxes, and unemployment insurance.

6. Account for Federal excise taxes as well as State and City sales taxes.

7. Guide and control operations throughout the year, by means of figures on sales, stocks, mark-ups and expenses.

Good records and good management go together. The experienced operator knows the value of records and how to use them to obtain a fair return on the capital risked. Almost

1. "Establishing and Operating a General Merchandise Store." Pages 82-83.

4. Store Records (Cont.)

50 per cent of the merchants reporting in this study have had chain store experience before attempting to experiment with their own capital. It is needless to say that they were put through the paces in record-keeping long before they had their own store. They know of what vital importance records can be and almost universally keep records of some sort.

In my next chapter, I shall discuss Business Services and methods of Self-Improvement that are available to all merchants so inclined. However, there exists under store management one other factor that I believe has evolved in the development of Professional Retail Procedures. That is a sensitizing of these procedures to the consumer needs. This is, I admit, rather an abstract way of approaching the professional aspects of Retailing. It is none the less important and as I have visited many chain and independent variety stores, I have sensed a need for the store manager to come down from his podium (1) and learn more about the people he serves. Mr. John H. Swanson, who operates his own store, included this statement in his reply to my questionnaire:

> "An independent merchant is interested in the community to help make it a better place to live, being a good citizen, and a multitude of reasons no city person can fundamentally understand."

What I am attempting to point out is that the successful variety store merchant will inform himself on a broader base than "How to Operate a Store Successfully." He will know his customers individually as well as collectively and have a very good idea of their needs and how he can supply them.

1. An idea started by Frank Woolworth in his first store. "Five and Ten," J. K. Winkler, New York, 1940.

These foregoing ideas are reflected in the answers to some of my miscellaneous questions, which I shall take up separately. (1)

Miscellaneous:

Question #4

Are your customers:

(a) Residential	18	replies
(b) Farming	14	"
(c) Industrial	11	"

The answer to this question is not significant except that it shows how merchants are analysing their customers. Since each group will have certain basic requirements, any weighting of a group or market area will call for certain types of merchandise.

Question #5

Do you think a self-service department would be profitable in your store? Yes 8 No 21

This question was included to provoke some thought on the subject. Self-service stores have been quite successful where they have been tried. (2) Where adequate help is hard to get, the self-service store might be an alternative answer to the problem. In this respect, since 90 per cent of the independent stores found "Satisfactory employees available locally", and 70 per cent turned thumbs down on the self-service question, there may well be a good correlation between the two.

Question #7

Would you say business is:

Better	16
About the same	14
Worse	0

than last year?

In order to answer this question truthfully, a merchant would have to have

1. Tabulation #1. Page 17.
2. Hills 5/1.00 Store, Wellesley, Massachusetts.

some facts about his own business situation. It is significant that somewhat better than half replied Better. This is consistent with the Retail picture in the Nation as a whole. (1) The purpose of this question was to show that independent retailers do have some definite ideas about what their business situation is. In order to have such ideas, they must have some facts about their business.

Question 8

This question about the survey itself was directed at those merchants who sense the excitement of retail merchandising and who are curious to the extent of seeking out additional information. In this respect, 14 replied in the affirmative, four did not think the survey useful, while 12 did not answer at all. One of the best suggestions was that the information should be co-ordinated with a survey of profits and expenses. (2)

1. Ref. to "Retail Chains," United States Department of Commerce, Page 71.
2. Additional reference on this question can be made to "Expenses and Profits of Limited Price Variety Stores," by Elizabeth A. Burnham, Harvard University Graduate School of Business Administration.

CHAPTER VII

AIDS TO GREATER SUCCESS IN INDEPENDENT VARIETY STORE OWNERSHIP

Education used to be for a selected few, for those who had the time and money to register for college degree courses. There was never the emphasis on specialization or study apart from any degree program that there is today. In fact, most educational program centered around liberal arts programs, although some schools carried courses in Business Administration. It is, however, a comparatively recent development to break business administration down into such courses as Retailing, Salesmanship and Advertising. In fact, Boston University has a program for students of Retailing that follows a definite program for two years. (1) It starts with Store Management and proceeds logically through Buying, Merchandise Control and Policy. A glance at the Boston University evening College of Commerce will give ample evidence that a great many retailers who do not want to proceed through the whole program can and do register for specific courses which apply to their own business.

Some courses relating to Merchandising have been instituted in high school curricula. In and around Boston there are numerous adult education programs which are aimed to help retailers. The approach to these courses is much different than was known in the past. Whereas formerly one had to have a high school record that would allow him even the opportunity to enroll for advanced education, all that is required today is for a person to have the will to learn and enough cash to cover the tuition

1. Boston University C. B. A. Catalogue, 1946-1947.

charges. As an example of a type of school other than the regular academic university, I cite the case of Burdett College. This school is operated for a profit by its owners and cannot be confused with schools like Boston University or Northeastern University which confer degrees to their graduates. Such a college offers day and evening courses in business, and they have as instructors men who are successful in the business fields. At the present time when schools have received a great deal of publicity via the G. I. Bill, these schools offering practical business instruction are filled to capacity.

An additional aid to businessmen which is within the scope of school activities has been the establishment of Bureaus of Business Research. Most large universities that have Colleges of Business Administration also maintain such a bureau. It serves in a dual capacity--that of a laboratory for students and as a scientific source of information for people with business problems.

In addition to schools and colleges, as a source of learning how to operate a business, there is much that can be done by individual merchants themselves. The Departments of Commerce and Interior in our national Government spend huge appropriations annually for the dissemination of information about operating almost every known type of business. Recently I wanted to know more about the post-war shifts in population here in New England and the position this section occupied relative to other sections. From the Bureau of Census I received volumes of material relating to my problem.

The Department of Commerce has recently completed a series of

Small Business Manuals that represent practically a whole library of reference material. These manuals may be had for a few cents because they are printed at the Government Printing Office.

While writing this report I have received helpful suggestions, and in some cases sufficient data for a separate report, from each of the following Independent Trade Associations:

1. National Retail Dry Goods Association
   100 West 31st Street
   New York City

Lew Hahn, who is president of this organization, is a leading authority on Retailing.

2. The National Association of Variety Stores, Inc.
   1416 Merchandise Mart
   Chicago 54, Illinois

This organization also publishes a monthly magazine called The National Variety News.

3. Institute of Distribution, Inc.
   570 Seventh Avenue
   New York City

4. Limited Price Variety Stores Association
   25 West 43rd Street
   New York City

Dr. Paul Nystrom, President.

5. National Notion Association
   1170 Broadway
   New York City.

6. Chamber of Commerce of the United States
   Washington
   D. C.

Retail Business is our nation's branch of business which is largest in number of enterprises, including nearly 1,800,000 retail stores in 1939. (1) Retailing is also the largest branch of business with respect

1. "Domestic Commerce," U. S. Department of Commerce, September 1946, p. 87.

to the number of trade associations. These associations number more than 4,000 and are mostly local in scope. Generally, these locals are affiliated in some way with the more than 60 national groups. (1)

1. "Domestic Commerce," United States Department of Commerce, September, 1946, Page 87.

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- Written at the management level and designed to be helpful to veterans, war workers and employees in civilian enterprises who are seriously considering the establishment of small businesses. Those already in business may also find these handbooks helpful.

For sale by the Superintendent of Documents, Washington 25, D. C. or any ot the Department's Field Offices.

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APPENDIX

1. Distributor Store Plan.

This is a plan by which Butler Brothers help to finance, locate and operate stores in return for a high percentage of the member store's wholesale business.

2. "Traffic Counts."

Clocking pedestrian traffic or counting the number of people passing a given location. Some companies keep a careful check of the sex of passers-by, as well as an estimate of their age and other factors, such as types low, medium, or high income groups.

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Study of Characteristics of
Success of the Independent Variety
Stores in N.E.

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